

THYSSEN SPECIALTY STEELS, INC.

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November 13, 2001

To: The Office of the United States Trade Representative

**Re: Request for Exclusion from Section 201 Remedies
66 Fed. Reg. 54,321 (October 26, 2001)
Thyssen Specialty Steels, Inc.
Hot rolled semi finished billets of square cross section
HTSUSA 7207.20.0025 from Germany, Brazil, Turkey**

Dear Sirs,

Thyssen Specialty Steels, Inc. ("TSS") respectfully requests an exclusion from any potential remedies under Section 201 for "carbon steel billets of square cross section with carbon 0.25% or greater" used for forging applications, which TSS imports under HTSUSA 7207.20.0025. As discussed below, while these billets fall within the same HTSUSA subheading as slabs used for the production of flat rolled products, they are used for other purposes, and therefore were not intended to be encompassed within the scope of "flat rolled" products for which the International Trade Commission ("ITC") rendered an affirmative injury determination.

(a) The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which the product enters the United States;

The merchandise subject to this exclusion request is generally known as "forging quality billets." This general description included the billets subject to this exclusion request ("carbon steel billets of square cross section with carbon 0.25% or greater") as well as billets with carbon less than 0.25 percent and alloy grade billets. These billets are supplied to the forging industry in the United States, and are further hot worked to produce forged parts, which are used in various automotive, heavy truck, and off-road equipment applications. These billets are usually supplied

to specific customer specifications, but can also be supplied to standard AISI grades, such as 1045. These billets are imported under HTS number 7207.20.0025

(b) A description of the product based on physical characteristics (e.g., chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;

These billets are of square cross section, with rounded corners, typically in various sizes from 2.5" to 8" round cornered square (RCS), in lengths ranging from approximately 15' to 30', depending on the size of the forged part being made. The steel is usually produced to very specific customer specifications including surface quality, cleanliness, and hardenability, in order to meet the requirements of the parts being forged.

(c) The basis for requesting an exclusion

In the Section 201 investigation, the ITC included HTSUSA number 7207.20.0025, in which these billets are classified, under the flat rolled category, rather than under long products. Presumably this is because substantial quantities of carbon semi-finished slabs are imported under this same HTS number, and because such slabs are used for the production of flat rolled products. However, 7207.20.0025 also applies to carbon steel semi-finished products of square cross section which are not used to produce flat rolled products. Since the intent of the ITC finding is to place restrictions on slabs used for the production of flat rolled products, we request that carbon steel semi-finished products of square cross section imported under this same HTSUSA number be specifically excluded from any remedies, since this product is used for other purposes, specifically the production of forged parts.

(d) The names and locations of any producers, in the United States and foreign countries, of the product

Producers in the United States of semi-finished carbon steel billets of square cross section for forging applications include Timken Steel, RTI, and Ispat Inland Bar Division. Overseas producers include Ispat Stahlwerk Ruhrort, GMH, and Saarlöhle in Germany, Villares in Brazil, Acesita in Brazil, Asil Celik in Turkey.

(e) Total U.S. consumption of the product, if any, by quantity and value for each year from 1996 to 2000, and projected annual consumption for each year from 2001 to 2005, with an explanation of the basis for the projection

It is very difficult to identify the total consumption of semi-finished carbon steel billets of square cross section used for forging applications because there are no definitive sub-categories published in either the import statistics or reported domestic production statistics. However, TSS estimates that the average total US market for this product has been approximately 200,000 to 300,000 net tons per year from 1996 – 2000 and will be the same, or perhaps grow slightly, from 2001 – 2005.

(f) Total U.S. production of the product for each year from 1996 to 2000, if any

For the same reasons stated in E) above, it is difficult to estimate the total US production of this product for forging applications. TSS estimates an average of 150,000 to 250,000 tons per year.

(g) The identity of any U.S.-produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.

There are no direct substitutes for this product, but semi-finished billets of square cross section are also produced of other alloy steel grades for similar, but different, forging applications and imported under HTS 7224.90.0045. This category was included in the ITC investigation with a negative injury finding resulting.

CONCLUSION

It is our understanding that the purpose of the USTR investigation is to determine appropriate remedies for the imports of carbon semi-finished slabs, classified in HTSUSA 7207.20.0025, which are used for the production of flat rolled products. However, “carbon semi-finished billets of square cross section,” imported under the same HTS number, 7207.20.0025, are also used for other purposes, i.e. further hot working in the production of forged parts, in the long product category, where no injury has been found. Therefore, we respectfully request that carbon semi finished billets of square cross section be excluded from any

import restrictions, and that the language of any remedy order for HTSUSA 7207.20.0025 clearly exclude this product.

Sincerely,

Edward E. Baker
National Product Manager-
Engineering Steels